App. F. IX-4

PRESERVED

Previous References.

193 . (G.F.)

File No. 47·36

Serial Nos. 1-3, 16+17

G.F. 5-35 (1-5)
" 60·34 (1-54)

Later References.

Preserve

GENERAL AND REVENUE SECRETARIAT.

P-30

Serial Nos. 2

Part B for July 40

SUBJECT.

Supplementary Royalty and Dividends due from Mining Companies.

NERAL AND REVENUE SECRETARIAT.

(G.)

NOTES.

File No. 47-36

FILE HEADING.

Supplementary Royalty on Dividends due from the Mining Companies

FROM The Comptroller

No. 158 Books Dated 28th July 1936 Received

Diary No. 57	Enclos.	Spare copies	Serial No.

BRIEF ABSTRACT OF LETTER

Solicits instructions as the method of working out the proportion of dividend to paid up Capital, in respect of the Oorgaum Gold Mining Company.

NOTES AND ORDERS.

According to the agreement, the rate of Royalty on Adjusted Profits payable to the Mysore Government is fixed with referenc to"Proportion in any year of total amount of dividend made payable by the Lessees to their total paid up Capital". In the ca of the Nundydrug, Mysore and Champion Reef Gold Mining Companies both the nominal value of the shares and paid up value, as shown in the Balance sheets of the Companies are the same. With regar

NOTES—First Sheet.

WD 02552—GPB—5,000—10-7-30

to the Oorgaum Company, the nominal value of the shares is £ 360,772, while the paid up share capital is £ 303,959-2-6(Vide Balance sheet of the Company for the year 1935). If the former is taken into account, the proportion of dividend to capital will be 13.326 per cent, and our share will be 3 1/3%(Two thirds of 5%). The Company have taken this figure and paid £ 1,602-11-6 as Supplementary Royalty for the year - 1935. If however the latter figure is taken(paid up capital as shown in the Balance sheet), the proportion of dividend to Capital will be more than 15 %, and our share of profits will be 5%(Two thirds of 7½%), and we have to get a further sum of £ 801-5-9 from the Mining Company. The Comptroller solicits instructions as to which figure has to be taken as Paid up Capital of the Company. He adds that this question did not ~~arise las~~ arise last year as the amount payable to us, taking either of the two amounts as "Paid up Capital" remained the same. The Law section may perhaps be consulted in the matter.

2. According to proviso (2) of the Lease, if the Lessees shall make in future any new issue of shares ~~annnnnnnnnn~~, the paid up capital will be either the amount actually subscribed in cash or the nominal value of the shares, whichever is less. In the case of the existing shares also, we have to take into account only the paid up share capital, if it is less than the Nominal value of the shares. The Nominal ~~NNNNNNNNNNNN~~ Value of the shares issued in the case of the Oorgaum Company, is £ 360,772, and the paid up capital in respect of these shares is £ 270,772. A further sum of 33,187-2-6 has been shown under "Issued Capital" in the Balance sheet with the following description:-

Serial No.

"15 s per share paid up on shares representing 44,249½ former preferred shares of £ 1 each, being part of 46934 shares which were declared liable for 15 s per share".

The oldest report available is that for the year 1907, and the same is put up. Even in this report, a sum of £ 30,847-10-0 has been shown in the Balance - sheet with a similar description. Whether we have to take £ 270,772 or 3,03,959-2-6 as Paid up Capital is also to be considered. The Law Section may perhaps be consulted on this point also, if necessary getting further details about these shares which were declared liable for 15s per share. But the share payable to us during the current year will be the same, whether we take £-270,772 or 303,959-2-6, since the proprtion of dividend to share capital will be within 25%.

Received at 5 p.m. 30-7-36 NW/pp/7

3 Asst Secy; Law with compliments

NW 397

30 Law pp 31/7

4 The total paid up capital in the case of new issue of shares after the commencement of the term of the leases executed on 25 March 1935 has to be computed in accordance with Proviso (2) at pages 2-3 of the printed lease (Map K). The case of Champion Reefs therefore presents no difficulty, because even if the new issue is at a premium, it is only the face value that is to be taken for purposes of the total paid up capital

5 In the case of shares issued before

NOTE–Contn. Sheet.

Supplementary Royalty on dividends due from the Mining Companies 347/21 W89/936/30 P

File No. 47 of 1936

General and Revenue Secretariat

4

the Commencement of the Term. Thus as in the case of Oorgaum, I think the total paid up capital must mean only the capital actually paid up & Consequently if shares were issued at a discount, it is the cash paid that has to be taken for purposes of ascertaining the capital to determine the rate of Dividend for purposes of calculating the royalty. According to the balance sheet of Oorgaum Ltd, this capital will be £ 303,959-2-6 and not £ 360,772 as made out by the Company.

A

Asst Secy Fin) BNR 6/8
W C

b Taking £ 3,03,959-2-6 as Paid up Capital (vide A above), we have to get a further sum of £ 801-5-9 from the Oorgaum Mining Company, as Supplementary Royalty. If approved, the Mining Company will be addressed in the matter.

11-8-36 AM/11/8

1) Please put up a draft
IW 11/8

8 Draft submitted for approval
12-8-36 AM/11/8

H. Secy) IW 13/8

2 Mr. Dawson

9) IW 13/8

10) IW 19/8

11) 19/8

12) Issue IW 19/8 IW 19/8

19/8 Mr. M

OFFICE OF THE SECOND MEMBER OF COUNCIL
18 AUG. 1936
NO. 120

DEWAN'S OFFICE
19 AUG. 1936
No. 391

TYPI
20 AUG 1936
OFFICE

2089/P/36

397/36

5

General & Revenue Secretariat. | File No. | of 193· | [App. F. III–2

Serial No.

2

No 3L 1234 dated 21-8-36 to Messrs John Taylor & Sons / No 3L 1240 dated 21-8-36 – Copy to the Comptroller.

Yrs for two months.

M
24-8-36

3

Letter no 00 L dated 15-9-36 from Messrs John Taylor & Sons, London.

13) Submitted for kind perusal.

14) This is a case in which the legal opinion is in our favour. The Company appear to think that the face value has to be taken as "Paid up capital" in the present case.

15) With regard to our claim for Supplementary Royalty on the profits of the Balaghat Gold Mining Company, the Company have not accepted our claim on the ground that the amount distributed to the share holders, after liquidation, is not "Dividend", though on grounds of equity they should have accepted the claim. The file has been sent to the Government Advocate for remarks.

16) The Law department may perhaps be asked to put up a suitable reply.

M
1-10-36 ML

H Seey) N 1/10

17) h 1/10

Law Deptment — W 1/10

Rc. O.No.P 72236 dated 3/12/1936.

18) Forwarded to the Govt Advocate with compts for opinion and advice

M Govindan
3/10/36

92

Law
ML 2/10

NOTE—Contn. Sheet.

From 295/36-37
dt 5.10.36

3424/36 P 2089 1167/36 P

6

File No. of 193 .

General and Revenue Secretariat

19) Returned with compliments, in continuation of the main file sent with this office U.O. No.92 dated the 3rd December 1936. | A

No. 80.83/36-37 dy 3.12.36

Murugavelashmi Kumaraappa
Government Advocate.

CSN/3.12.36

GENERAL SECRETARY
4 DEC. 1936
Pro

BKR
4.12

20) Financial Branch w.r.? BKR 4.12.36

21) The file referred to at 'A' relates to the Balaghat Mining Company under the old lease. This file relates to Gorgaum Mining Company and our claim is referred according to the new lease. This may therefore be referred again to the Govt Advocate. The Report and Balance sheet of the Gorgaum Mining Company for 1935 is also put up for reference. H. I.

7-12-36 22) Jnt. Secty) For orders MK 7/12 J.

23) BKR MK 9/12

Law Dept. W.C) MK 9/12

24) Forwarded with compliments from Government Advocate for further advice

BKRamakrishnaiya 9.12.36

Ld. Comp. 1167/36 dated 9.12.1936

Food 68/36-37 dy 10-12-36

Serial No.

20.Do.110
36-37
8.1.37

Returned with compliments.

25) I find from the reply dated 15-9-1936 of the - - Company to the Government that their shares were issued at a discount.

26) Company issuing shares at a discount is out of - the normal and in some cases illegal and improper too. Since, according to the Company shares were issued at a discount there must have been some justification for - that course. I should like to have the Memorandum and Articles of this Company and also to be acquainted with the peculiar circumstances in which shares were issued by it at a discount.

A

27) It is stated that the "Company has accepted liability to the share-holders for the full value of their shares, and dividends are payable and have always been - paid upon such full value (£.360,772) and not upon the amount paid only (£.303,959-2-6)". I want to know - whather these ~~xxxxxx~~ statements of fact are admitted.

B

28) The phrase "paid up capital" has been defined in - the proviso to clause 2 only with reference to issue of new shares, vide. page 3, lines 1 to 5 of the Deed of - Lease while the same phrase which occurs in the body of that ~~xkxxxx~~ very clause presumably referring to capital already issued and regarding which the controversy has - arisen was not defined in the same manner. That is ~~x~~to say this definition could have found a place in the main clause itself rather than in the proviso, in which event it would have applied to the capital already issued and the question now raised might not have cropped up. - I like to know the circumstances in which the explanation

NOTE—Contn. Sheet 2.

WD 0417--GPB—30,000-8-9-36

of

3424

1162/32

File No. of 193 .

8

General and Revenue Secretariat

Serial No.

of the phrase "paid up capital" was relegated to the proviso and not inserted in the ~~xxxxxx~~ body of that clause. | 1 | C.

29) The Deed of lease ~~xx~~ dated 25-3-35 is styled - by the Company as an "Agreement and Deed of Variation". I wish to know the basis for this description which, if justifiable, may support their attitude in this - matter to some extent. | 1 | D

30) Information on these points is necessary in - order to find out what exactly is meant by the term "Paid-up Capital" and they may kindly be given.

Mirle. R. Lakshmanappa
Government Advocate.

GENERAL SECRETARY.
9 JAN. 1937

H/8.1.37.

31) Financial Branch) BKR 9.1.37

32) A. They are not available. The shares appear to have been raised at a discount prior to 1904. Whether the information referred to in the Govt Advocate's note is absolutely necessary for the disposal of this question is for consideration. If necessary it has to be obtained from the Chief Inspector of Mines.

33) B. Dividend is being paid on the face value of the shares. There was no need for us to object to it, as under

File No. of 193 . | General and Revenue Secretariat

D.O.No.P 133 of 36 dated 22-1-1937.

Serial No.

38) Forwarded to the Government Advocate, with compliments, for further advice—

B.R. Ramakrishna Iyanja
22.1.37

Ref 571/36-37 dt 22.1.37

39) Returned with compliments.

No 80.129 36-37 dt 15-2-37

40) The stand taken by the Company seems to be that the interpretation of paid up capital in the lease current now and whose term will expire in 1940 is the face value of the capital. It was on that basis that the dividend was paid. According to the term in the new lease to come into effect from 1940, it has been differently interpreted as the capital - actually subscribed in cash, though it may differ from the face value of the capital issued. If this interpretation is to be read for the old lease also, then, the question arises why in the Deed of Variation, the newly agreed interpretation which was a variation from the old one was not inserted. The answer may perhaps be so far as this matter was concerned, there was no intention of making any variation and only such things which were varied were incorporated in the deed of variation but not those regarding which no departure was contemplated.

41) Paid-up capital in the abstract may be capable of both the two interpretations i.e., capital actually paid up in cash, or the face value of the capital issued as put by the Company which is the one other

Serial No.

the old lease we were getting 2½ %. on the total amount of dividend paid.

34) G & D. The papers relating to the form of the agreement are in the Law Branch or Development Branch. They will be obtained and put up. A copy of the preliminary Memorandum on which the agreement is based is put up. According to para 4 of this Memorandum, in the case of Gorgaum Mines which have two different classes of shares (ordinary and Preference) the supplementary royalty payable to the Mysore Govt will be based on the average rate of dividend, i.e. the percentage which the total amount of dividend paid to all share holders bears to the total paid-up capital. Whether the "Paid-up Capital" should be the actual amount received or the face (nominal) value of the shares is the main point for decision.

Sec'y. Bdr. to kindly put up the papers. MG 20/1

DEPT. OF INDUSTRIES & COMMERCE 20 JAN. 1937 DEVELOPMENT BRANCH

The collection Book 60-34 (1-5-4) in Lawrence Pet Mines may be kindly returned to this Development Branch when done with. To Use Jubilee Rd Pet Co Ltd 21/1

H.L. Secy 11-1-37. HW 11/1

35) When the revised lease was drawn up, two documents were drawn up, one of the new lease for the new period and the other the deed of variation for mentioning the Changes made for the remaining period of the Currency of the present lease -

36) May be transferred to Law Branch HW 21/1 K 19/1 HW 20/1

Law Sec.

NOTE—Contn. Sheet.

WD 0417—GPB—80,000—8-9-36

~~which against it~~. But now the question is, which of the two was the interpretation in the minds of the parties when they entered into the agreement of lease several years ago. The Company all through has been interpreting it to mean the face value of the capital and that is accepted as could be seen from paragraph 33 of the file. If so, no departure having been made at the time when the Deed of Variation was executed when it could have been, the Company's argument that the opportunity at that time was not availed of because no variation from the existing practice was ever contemplated will be an argument difficult to meet.

42) In paragraph 28 supra, I raised the question as to why the interpretation of the phrase "Paid-up Capital" was put in the ~~provision~~ proviso rather than in the main paragraph itself of the new lease. In paragraph 33, it is stated that there was no need to object to the interpretation of the word "dividend" as under the old lease, royalty was being paid on the total dividend. At the time when I made the note in paragraph 28, the copy of the Deed of Variation was not available in the file as could be seen from my note in paragraph 29. That is why I could not find out why this phrase "Paid-up Capital" was interpreted only in the proviso and not in the main body. But though there was no necessity to object to this interpretation so long as the old lease en-bloc was in currency as mentioned in paragraph 32, yet, as stated above, there was the necessity to get the interpretation made clear at

S 240/670

4164

1160/31

12

at the time of the Deed of variation a copy of which is now made available in the records. I do not know why it was not done so. Circumstances which prevented this question being raised at that - juncture may perhaps throw some more light on the matter.

43) As mentioned in paragraph 26, the issue of the shares at a discount is some what out of the way. I do not know whether mere memorandum and articles of the Company throw light on the context. If they should, I would like to have them; otherwise, I may be kindly acquainted with the circumstances in which the Company were forced to issue Shares at a discount.

Mirle Mathuramappa
Government Advocate.

GENERAL SECRETARY. 15 FEB. 1937

CSN/13.2.37

BKR
15.2.37

44) Fin. Branch).

45) The opinion of the present Asst Secretary, Law department, may perhaps be obtained.

MW 8-3-37

46) Asst: Secy, Law with compliments)

MW
9/3

Serial No.

47) The circumstances in which the Company was forced to issue shares at a discount have been clearly set forth in the case reported in 1892 Appeal cases p. 125 (Ooregum Gold Mining Company of India vs Roper). It was held in that case, that a Company limited by shares has no power to issue shares as fully paid up, for a money consideration less than their nominal value, and hence. Such issue was beyond the powers of the Company. In a later decision (1897 Ac. 299) it was held that it being ultra vires for a limited Company to issue shares at a discount, although authorized to do so by the articles of association, the holders of shares so issued, are not thereby relieved from liability, in a winding up, to calls for the amounts unpaid on their shares for the adjustment of the rights of Contributories inter se, as well as for the payment of the Company's debts and Costs of winding up.

48) For our purpose, however, a further consideration about the illegality of the issue of Shares at a discount is unnecessary. We are only concerned to see what is meant

WD 0417—GPB—80,000—8-9-36

by a paid up capital in relation to the dividend made payable in any year. The question is whether for this purpose, the paid up capital means the capital amounts actually paid in cash or the nominal value of the shares issued. The Company contends that though the actual amount paid is only ₹ 3039594-2-6, the dividends are always paid on the nominal value of the shares viz. ₹ 3600000-0-0. In other words they contend that irrespective of the amount actually paid for each share, all shares are equally entitled to participate. It is a general rule that unless the articles provide otherwise all the shares will be entitled to participate equally in dividend without regard to the amount paid on each. The dividend on preference shares depends on the terms of issue, such terms being found in the memorandum or the articles of association or in the resolution of creating the shares. In the present case, the shares issued at a discount

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have been issued as preference shares, and there seems to have been a resolution of the Company by which such preference shares carry the right to a non-cumulative preference dividend up to 10% on the nominal amount of such preference capital, out of the profits of the undertaking each year, and to equal participation (share per share) with the ordinary shares in such further profits as should remain for distribution each year after the payment of the above 10% preference dividend (See page 127 of 1892 A.C. cited above). It follows therefore that for purpose of dividend, the Company is taking into consideration the nominal value of the shares, and not merely the amount actually paid up. It is also admitted that the Company has all along been paying the dividend on the face value of the shares.

49) It is next to be seen that a provision has been made in the Deed of Variation and the New Agreement (that came into existence in March 1935) that in respect of new issue of shares, subsequent to the Date of those documents, the amount actually

WD 0417--GPB—30,000-8-9-36

Serial No.

subscribed in Cash or the Nominal Value (whichever is less) is to be taken into Consideration as the paid up Capital. If a similar interpretation was intended to be adopted in respect of shares previously issued at a Discount, I think, the agreement would have made provision for in respect of old and new shares. The absence of such a provision implies that in respect of shares issued prior to the commencement of the term of these leases, such an interpretation was not intended. At any rate, it is open to the Company to urge such an argument, and I think it would be difficult to meet that argument.

(a) For the foregoing reasons, it looks to me as if the Company's Contention has to be accepted.

(b) In view of the importance of the question, and in view of the fact that certain information required by the Government Advocate are available in 1892 Appeal Cases, he will again be consulted in the matter,

?!

A

Serial No.

If approved.

Mr MK

(27) Fin. Secy)

Suptd Asst Bar 27

(28) Forwarded with Compliments to the Government Advocate, for favour of further advice

Ramakrishna Iyengar
for Gen Secy

Ref. No. P 180 of 36
dated 3.5.37
Fin 832/36-37
dt 3.5.37

Ref. No. 180/36-37
dt 18.5.37

Returned with compliments,

(24) I wanted information under two heads and the case referred to viz., 1892, A.C. 125, does not furnish all that is necessary in regard to them.

(25) The "Deed of Variation" interprets what is meant by "paid up capital" with reference to shares to be issued subsequent to it coming into force. The interpretation given in the provise is not wide enough to take in shares already issued prior to that date. If it did, the question now raised even during the currency of the old lease would not have come up either for the transition period or thereafter. So, though there was no need for this point being considered so long as the old lease was in force in entirety, it did, I think, arise at the time when the variation was contemplated and made the basis

WD 0417—GPB—30,000—8-9-36

1160

18

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Serial No.

basis for the calculation of Royalty on dividends was altered. The decision in 1892, Appeal Cases does not throw any light upon this point.

That decision does not show in detail all the relevant Articles of Association and Memorandum which bear upon the point in question. Nor is it clear whether the Register of shares has been so altered or "rectified" as to wipe out the difference between the nominal value of the shares and the actually realised value. How exactly the documents of the Company stand has I think to be ascertained. A

57) Information on this point as well as on the one raised in the earlier one viz., why the interpretation was not extended to shares already issued, in the relevant clause of the Deed of Variation may kindly be given. B

No information in the Financial Branch (vide para 34)

GENERAL SECRETARY
10 MAY 1937

Government Advocate.

H/8.5.37.

10.5.37

58) Find Ref)

59) The Chief Inspector of Mines may perhaps be asked to send the Memorandum and Articles of Association of the company & Co, and also information regarding A above; if it is possible for him to do so

1-7-37

7C Secy)

17

60) Ref with 48

61) Subd: with a draft

15 May 6/37.

Serial No.

Hu 19.10/37-38

(1) Forwarded with compliments to the Chief Inspector of Mines, Oorgaum, K G F, for favour of furnishing the required details.

By order,

For Financial Secretary

6-8-37.

No. 360 Dated Oorgaum, 13th August 1937.

(3) Returned with compliments.

(4) The Memorandum and Articles of Association and information regarding the Register of Shares of the Ooregum Gold Mining Company of India, Ltd., are not available in the local Offices of the Company.

(5) The London Office may be requested to furnish them.

13/8/37. Offg. Chief Inspector of Mines & Explosives in Mysore.

(6) A. Whether this is desirable is for consideration.

20-8-37

(7) Whether the information is absolutely necessary depends on how the Govt. Advocate views the position

(Asst. Fin. Secy.)

(8) Please get the information

23.8.37

14.9.37.

(9) Subd: with a draft.

(H. Secy.)

(10) It is proposed to send the accompanying draft letter to Judge Taylor.

17.9.37.

26/10

31.10.37

10/11/37

11/11/37

NOTE—Contn. Sheet.

WD 0417--GPB—30,000—8-9-36

2088 27.10.37

4170 P 37/

Corrigenda

57

File No. of 193 . | General and Revenue Secretariat

Serial No.

1) Submd: - 2) May the draft issue?

2) Issue. (under Fl. Secy. signature)

Sd/
13.11.37.

13/11

Draft No: 2740 of 6.4.1937.

TYPING SECTION. 15. NOV. 193 GEN. & REV. SECTT.

To, Messrs: John Taylor & Sons, London

Requests Union to supply a copy of the Memo: and Articles of Association of the Bhiganum Gold Mining Coy: of India Limited &c:

Sd/S
MR
25/4

Letter No: DOL B 3.12.37. from Messrs: John Taylor & Sons, London, forwarding a copy of the Memorandum & Articles of Association of the above Company and stating that all the shares are entered in the Register at their full nominal value.

Submd: - 3) This may be sent to Law section with reference to Rules 56 & 57.

Union Mr 7.1. 8

4) for perusal before sending the file to the Law section.

Fl. Secy.)

Sd/
10.1.38.

5) Mr 13/1

6) Asst. Secy., Law section, Mr.

Sd/
13.1.38.

1920 - 21 4170

General and Revenue Secretariat | . File No. | of 193 . | [App. F. III—2

Serial No.

G.O.No.p 80 J/37 dated 15/1/1938.

From S.R/37-38 dt 15.1.38

(7) Reference - paras 56 & 57.

Forwarded, with compliments, to the Govt. Advocate for favour of advice

B.V.Ramakrishnamiya

15.1.38 for Gen-Secy

No.DO.95737-38 dt 21.1.38

Returned with compliments.

(8) Kind reference is invited to my note in paragraphs 28, 40 to 42 and 55 in the file.

(9) Information on the point why the basis of calculation which was made applicable to the issue of new shares was not made ~~made~~ to apply to the old shares also on what may be called a psychological moment, that is at the time when the Deed of variation came into existence is essential for discussing the point raised. As mentioned already in the notes referred to above, the practice till then was to go upon the nominal value of the shares in the books ignoring the actual realization which was less as the shares were issued at a discount. That was good so long as all the terms of the old lease were current, but when the departure was made in respect of certain points in the old lease as embodied in the Deed of variation it might have included the application of the relevant rule made with reference to the new shares, to the old ones as well. If there was a good reason for omitting it, the question arises whether it was not deliberately omitted because the parties to the agreement knew what the then prevailing practice

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—13-8-37

4179

22

File No. 1920/32 of 193 . | General and Revenue Secretariat

practice was and yet they did not want to depart from it. If it was raised and vetoed, then the reasons for ruling it out would have a close bearing on the question at issue. If the point never arose for consideration on account of an accident then that would also affect the argument and perhaps we may make such an accidental omission the basis for starting negotiations with the Company to arrive at an equitable settlement.

(8) These are some of the reasons to point out the importance of getting specific and detailed information on the point raised by me on different occasions in the paragraphs noted above.

(9) I request that that information be kindly made available and the file returned.

Mortulakshmi Narasimhappa
Government Advocate.

H/21.1.38.

(8) For favour of furnishing the information required by the Govt. Advocate

BSKR 21.1.38

Fin. Sec.)

GENERAL SECRETARY. 21 JAN. 1938

Taken by Mr. M.Venkaata-naranappa in February 1938 for discussion with the Representative of the Mining Companies.
Received back from him on 18th March 1940.

Serial No.

83 In the case of the Oorgaum Gold Mining Company, the nominal value of the shares is £ 360,772, while the paid-up share capital is £ 303,959-2-6. According to the Agreement, the rate of Royalty on Adjusted profits payable to the Mysore Government is fixed with reference to "Proportion in any year of total amount of dividend made payable by the Lessees to their total paid up capital". While calculating the Supplementary Royalty, the Oorgaum company have been taking the nominal share capital, instead of paid-up share capital. For the year 1935, we would have got £ 801-5-9 extra if the paid-up capital was taken into account. When the Company was addressed, it was replied that only the face value had to be taken as "Paid-up capital" in the present case.

84 The Government Advocate desires to know why in the Deed of variation and agreement entered into in the year 1935, specific provision had not been made with regard to the interpretation of the share capital in respect of shares already issued, while specific provision had been included in respect of shares to be issued thereafter. The omission appears to be accidental. The Government Advocate seems to think that we may make such an accidental omission the basis for starting negotiations with the company to arrive at an equitable settlement. The present time is not opportune for raising any question for equitable settlement, as ~~the Companies~~ a special duty on Gold has been levied by us.

85 The question is not also a very important one, as ~~in~~ for the succeeding years, our share would be the same taking either the face value of the shares or the paid up capital. There does not therefore to be much

NOTE—Contn. Sheet.

use in pressing this question at this stage. The question may perhaps be dropped, after consulting the Government Advocate again, if necessary.

14-7-40

GEN. & REV. SECRET. 242(a) 15 JUL 1940 FINANCIAL BRANCH.

Opn 15/7

The question, I think, be dropped, taking into account the circs. that have since risen and ~~that~~ pressing the matter now after so long a time and in the light of what the Govt Advocate desires, it have by way of information, ~~it~~ that ~~I~~ it is likely to be a most point requiring a decree settlement

AD 16.7.40

I agree

OFFICE 2 JUL 1940 586

1st dtr 7

Decree)

20/7/40

OFFICE OF THE FIRST MEMBER JUL 16 1940 No 621

22-7-40

AD 23.7.40

To the Comptroller with compliments for favour of note and return.

May be recorded for the present

24-7-40

24-7-40

G.F. 47-36-1

In reply please quote reference to No. Books 158.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated 28th July *1936*

FINANCIAL SECTT. 29 JULY No. 397

FROM

A. N. RAGHAVACHAR, ESQ., M.A., L.T.,
Comptroller to the Government of His Highness the Maharaja of Mysore,
Bangalore.

29 JUL 1936 REV. SECTT.

To

The Financial Secretary to the Government of Mysore,
Bangalore.

SIR,

In continuation of my letter No.42/Books dated 7th July 1936 forwarding for the information of Government, the statements of Supplementary Royalty paid by the Kolar Gold Mining Companies for the year 1935, I think it well to bring to the notice of Government the fact that the Oorgaum Gold Mining Company has, for calculating the proportion of dividend to total paid-up capital, taken £120,000 (Issued Capital) in respect of the 240,000 Ten percent preferred shares of 10 sh. each. In the Balance Sheet of the Company, however, only £63,187-2-6 is shown on the Liabilities side as the paid up capital against this item as per details given below :-

(1) 240,000 Ten per cent. preferred shares of 10 sh. each allotment in respect of 120,000 £ 1 shares issued at 15 sh. per share discount or 5 sh. per share ...	£30,000	0	0
(2) 15 sh. per share paid up on shares representing 44,249½ former preferred shares of £ 1 each, being part of 46934 shares which were declared liable for 15 sh. per share	£33,187	2	6
Total	£63,187	2	6

Although this is the case, for purposes of calculating the rate per cent of the Dividend on the Preference shares, £120,000 is taken into account (Vide statement of Dividends paid by the Company printed at the end of the Report and Accounts).

I am rather doubtful about the correctness of the procedure followed by the Company in this regard. It is therefore a matter for consideration as to whether the amount actually shown in the Balance Sheet as Liability should not be taken as the paid up Capital for

calculating the percentage of dividend in order to determine the share payable to Government according to the strict letter of the Agreement. If the percentage of Dividend is worked out on this basis, the supplementary Royalty due to Government will work up to more than what is now paid and we should get an additional sum of £801-5-9.

As the matter is not free from doubt, I submit the case for the consideration of Government and request the favour of early decision.

This question did not arise last year as the amount payable to us, taking either of the two amounts as 'paid up capital' remained the same.

I have the honour to be,
Sir,
Your most obedient servant,

Comptroller.

U.

3/2/37

/WEH/H26/3/36

THE OORGUM GOLD MINING COMPANY OF INDIA, LIMITED.

ISSUED CAPITAL -

£240,772 in 481,544 Ordinary shares of 10/- each.
£120,000 in 240,000 Ten per cent Preferred Shares of 10/- each.
£360,772

DIVIDENDS for the year 1935 -

Paid 26th. Oct. 1935
1s.0d. per share on the Preferred Shares 12,000 0 0
Payable 25th. April, 1936
1s. 0d. per Share on both Preferred and Ordinary Shares 36,077 4 0
£48,077 4 0

Proportion of dividend to total paid up Capital - 13.326%

How arrived at

ADJUSTED ANNUAL PROFITS of the year 1935 -

Gross Income from all sources -

Income & Expenditure Account.

Sales of Gold	368,480 0 1		
Less-Royalty	18,321 3 9	350,158 16 4	
Transfer Fees.		208-18 0	
Interest Account		4,325 5 6	
Rents		2,366 0 2	
Rebates on Freight etc.		541 0 6	357,600-0-6

Profit and Loss Account.
Dividends on Shares 1,740-16-8

359,340 17 2

Deductions.

Expenses per Income &Expenditure A/c	295,159 11 1	
15% on £295,159 11 1	44,273 18 8	
Transfer fees	208 18 0	
Interest on Investments (part of £4,325-5-6)	4,206 4 11	
Dividends on Investments	1,740 16 8	
Provident Fund - Company's contribution to payments made during the year (Retiring Members)	1,345,15 11	346,935-53

Adjusted Annual Profits £12,405-11-11

ROYALTY.

5% on Dividend, viz. - £48,077 4 0 £ 2,403-17-2

Two-thirds thereof 3 1/3/. £ 1,602-11-6

Payments to Messrs. Coutts & Co.,

26th. October, 1935	£300- 0- 0	
23rd. April, 1936	1,302 -11- 6	£ 1,602-11-6

London, 23rd, April 1936.

(Sd.) F. H. Williams.

Secretary.

Copy

KR)

A. Venkatasamich 9.7.36
Superintendent
Books Section
Comptroller's office
9/7/36.

G.7.47-86-2

By Air Mail

7c 12395(4)

To

Messrs. John Taylor & Sons,

6 Queen street place, London

E C 4.

Dear Sirs,

I am directed to invite ~~kind~~ reference to the statement, showing the calculation of the Adjusted profit of the Oorgaum Gold Mining Company for the year 1935 and the share of supplementary royalty payable to the Mysore Government thereon (Copy enclosed for reference), and to state as follows: ~~that~~ ~~for~~ while calculating the proportion of total amount of dividend to the total paid up capital for determining the rate of Royalty payable to the Mysore Government (Vide Second part of the Second Schedule of the Agreement), the total paid up capital ~~is~~ taken as £ 360,772 which ~~so~~ represents Issued Capital. The Mysore Government consider that the Paid up Capital which appears should be taken as £ 303,969-2-6 ~~shown~~ in the Balance sheet as a Liability, ~~for calculating the proportion of Dividend to paid up capital~~, and on this basis the proportion of dividend to paid up capital will be 15.8 %, instead of 13.326% as now worked out and ~~that~~ the share of supplementary Royalty payable to the Mysore Government will be 5% instead of 3 1/3%, and that as a consequence thereof a further sum of £ 801-5-9 is due to the Mysore Government, in addition to £ 1,602-11-6 already paid by the Company. I am therefore to request

re-examine the question
you to be so good as to kindly arrange
with the Oorgaum Gold Mining Company, for the
payment to the Mysore Goverment, of £ 801-5-9
at an early date.

Yours sincerely,

WW 15/8

17/8

Financial Secretary

MW

Rs 12240

Copy of the above is forwarded with compliments
to the Comptroller for information, with reference
to his letter No. Books 156 dated 28th July 1936.

72/8

17/8

12-8-36:-

Financial Secretary

MW

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 21st August *1936.*

No. Fe 1239(1)
F-2 47-36-2

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

Messrs. John Taylor & Sons,
6 Queen Street Place,
London, E.C.4.

~~Sir~~,
Dear Sirs,

I am directed to invite reference to the statement, showing the calculation of the Adjusted profit of the Oorgaum Gold Mining Company for the year 1935 and of the share of supplementary royalty payable to the Mysore Government thereon (copy enclosed for reference), and to state as follows:-

It appears that ~~the~~ while calculating the proportion of total amount of dividend to the total paid up capital for determining the rate of Royalty payable to the Mysore Government (Vide Second part of the Second Schedule of the Agreement), the total paid up capital has been taken as £ 360,772 in the above statement though it represents Issued Capital. The Mysore Government consider that the Paid Up Capital should be taken as £ 303,959-2-6 which appears in the Balance sheet as a Liability and on this basis the proportion of dividend to paid up capital will be 15.8% instead of 13.326% as now worked out and the share of supplementary Royalty payable to the Mysore Government will be 5% instead of 3 1/3%, and that as a consequence thereof a further sum of £ 801-5-9 is due to the Mysore Government, in addition to £ 1,602-11-6 already paid by the Company.

I am therefore to request you to be so good as to re-examine the question and kindly arrange with the Oorgaum Gold Mining Company

for

for the payment to the Mysore Government of £ 801-5-9 at an early date.

Yours sincerely,

Financial Secretary to Government.

THE OORGAUM GOLD MINING COMPANY OF INDIA, LTD.

ISSUED CAPITAL.

	s
£240,772/- in 481,544 Ordinary shares of 10/- each.	s
£120,000/- in 240,000 Ten per cent Preferred Shares of 10/- each.	
£360,772	

DIVIDENDS for the year 1935

Paid 26th Oct. 1935.	
1s.0d.per share on the Preferred shares. ...	12,000-0-0
Payable 25th April 1936.	
1s. 0d. per Share on both Preferred and Ordinary Shares.	36,077-4-0
	£ 48,077-4-0

Proportion of dividend to total paid up Capital. 13.326%

ADJUSTED ANNUAL PROFITS of the year 1935.

Gross Income from all sources.

Income & Expenditure Account.			
Sales of Gold.	368,480- 0. 1		
Less Royalty.	18,321. 3. 9	350,158. 16. 4	
Transfer fees.		208. 18. 0	
Interest Account.		4,325. 5. 6	
R e n t s.		2,366. 0. 2	
Rebates on Freight etc.		541. 0. 6	
			357,600- 0- 6
Profit and Loss Account.			
Dividends on Shares.			1,740-16- 8
			359,340-17- 2

Deductions.

Expenses per Income & Expenditure A/c	295,159.11. 1	
15% on £295,159.11.1	44,273.18. 8	
Transfer Fees.	208.18. 0	
Interest on Investments (part of £4,325-5-6)	4,206. 4.11	
Dividends on Investments.	1,740.16. 8	
Provident Fund - Company's contribution to payments made during the year (Retiring Members)	1,345.15.11	
		346,935- 5- 3
Adjusted Annual Profits.		£12,405-11-11

R O Y A L T Y.

5% on Dividend, viz. - £48,077. 4. 0	£ 2,403-17- 2
Two-thirds thereof.	£ 1,602-11- 6

Payments to Messrs. Coutts & Co.

26th October 1935.	£ 300. 0. 0	
23rd April 1936.	£1,302.11, 6	
		£ 1,602-11-

London, 23rd April 1936.

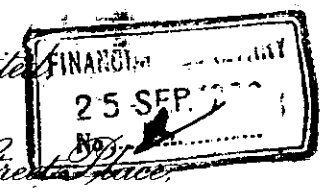
Sd/- F.H. Williams,
Secretary.

C O P Y.

A. Venkata Rao
for Financial Secretary to Government.

oo/L. G.7. 47-36-3.

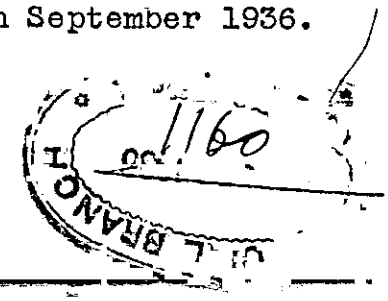
The Ooregum Gold Mining Company of India, Limited.



6, Queen Street Place,
London, E.C.4.

15th September 1936.

AIR MAIL.



From Messrs John Taylor & Sons,
6 Queen Street Place,
London, E.C.4.

To S. Shamanna Esq, B.A.,.
Financial Secretary to the Government of
His Highness the Maharaja of Mysore,
General and Revenue Secretariat,
Bangalore.

Dear Sir,

We have the honour to acknowledge receipt of your letter, dated 21st August last, in reference to the supplementary royalty paid to the Government of His Highness the Maharaja of Mysore by the Ooregum Gold Mining Company of India, Limited, for the year 1935.

The position of this Company in regard to its paid up Capital is somewhat exceptional owing to its issue of Preference Shares in the year 1885 at a discount. Although the amount actually paid on the Preference Shares is as stated in the Balance Sheet, the Company has accepted liability to the Shareholders for the full value of the issue, and dividends are payable and have always been paid, upon such full value (£360,772) and not upon the amount paid only (£303,959-2-6).

In these circumstances, therefore, we submit that the words "paid up Capital", in the Agreement and Deed of Variation dated 25th March 1935, correctly embrace these shares at their full value according as they are treated in practice.

Yours faithfully,

John Taylor & Son

Managers.

D. O. No. Fe. 2740
97-40-36-16

GENERAL AND REVENUE SECRETARIAT

Dated, Bangalore,...~~12th~~ 16th November...1937.

Subject:- Supplementary Royalty on Dividends due from the Mining Companies.

Dear Sirs,

With reference to your letter No. BOL ——— dated 15th September 1936 I am desired to request you to be so good as to supply this Government, if there is no objection, with a copy of the Memorandum and Articles of Association of the Oorigaum Gold Mining Company of India Limited. Government will also be glad to have information as to whether the Register of Shares of the above Company has been so altered or rectified as to wipe out the difference between the nominal value of the shares and the actually realised value.

Fair draft.)

Yours sincerely,

Messrs. John Taylor & Sons,
6, Queen Street Place,
London, E.C.4.

KRR.

Appendix F G—1]

SUBJECT .....

.....

.....

Section G-7

File No. 47-24

Serial No. 16

Diary No. of letter replied to.....

No. 2740.

To

Messrs. John Taylor & Sons;
6, Queen Street Place,
London, E.C.4.

Subject: ——————

Dear Sirs, With reference to your letter No... dated I am desired to request you to ~~kindly forward~~ lay before this Govt to ~~this office for reference~~, if there is no objection, with a copy of the Memorandum & Articles of Association of the Boreguem Gold Mining Corp. of India, Ltd ~~as well as~~ also ~~Information~~ as to whether the Register of Shares of the above Company has been ~~attested or not rectified~~, as to show ~~at once~~ the difference between the nominal value of the Shares & the realisable value may also be ~~kindly furnished~~.

Yours sincerely,

General and Revenue Secretariat

( )

the 193 .

Date of issue 16/11/37

Signed by Dr V.S. Shamanna.

Para 52 of minutes

(Subject to approval)

List of enclosures.....

Copied by .....

Examined by.....

WD 0521—GPB—30,000—12-3-37

Oo/L. G.7 47-36-17

The Coregum Gold Mining Company of India Limited

6, Queen Street Place,

London, E.C. 4. 7th December 1937.

Your Ref. D.O. No.Fl.2740/9.F.47-36.

S. Shamanna Esq, B.A,
Financial Secretary to
The Government of H.H. The Maharaja of Mysore,
Financial Secretariat,
Bangalore.

Dear Sir,

In reply to your letter dated 16th ultimo, we enclose a copy of the Memorandum and Articles of Association of this Company, as requested.

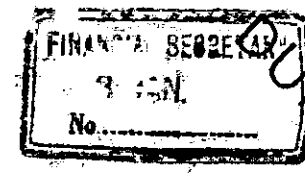
All the Shares are entered in the Register at their full nominal value.

Yours faithfully,

John Taylor & Sons

Managers.

Oo/L.



DUPLICATE.

7th December 1937.

Your Ref. D.O. No.Fl.2740/9.F.47-36.

S. Shamanna Esq, B.A,
Financial Secretary to
The Government of H.H. The Maharaja of Mysore,
Financial Secretariat,
Bangalore.

Dear Sir,

In reply to your letter dated 16th ultimo, we enclose a copy of the Memorandum and Articles of Association of this Company, as requested.

All the Shares are entered in the Register at their full nominal value.

Yours faithfully,

JOHN TAYLOR & SONS.

Managers.